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Medvedev: Russia May Adjust Budget Rule to Reflect Lower Oil Prices

By The Moscow Times

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Prime Minister Dmitry Medvedev

Russia may adjust its budget rule — the level of government spending linked to oil prices — to reflect falling oil prices, Prime Minister Dmitry Medvedev told a forum on Wednesday.

Global oil prices touched their lowest in nearly six years, trading at around $46 per barrel or less than half the level needed to balance the 2015 Russian budget.

Medvedev, whose country has been hit by Western sanctions over the Ukraine crisis that have aggravated an economic crisis, also told the conference the Central Bank had all the instruments it needed to secure the stability of the ruble.

He said the Central Bank would not "eat up" Russia's foreign exchange reserves and ruled out capital controls.

He added that Russia would not cut itself off from the world because any return to the past would be a "monstrous mistake," and that his country did not want Ukraine to default but Kiev should pay its debts.

Russia's banking sector is set to receive an additional capital boost of up to 1 trillion rubles ($15.2 billion) this year as a part of a wider move to support the financial system.

Medvedev told the conference that banks with capital of no less than 25 billion rubles ($375 million) and which were able to show annual loan portfolio growth of 12 percent would qualify to get state support, irrespective of whether they were privately-owned or state-controlled.

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